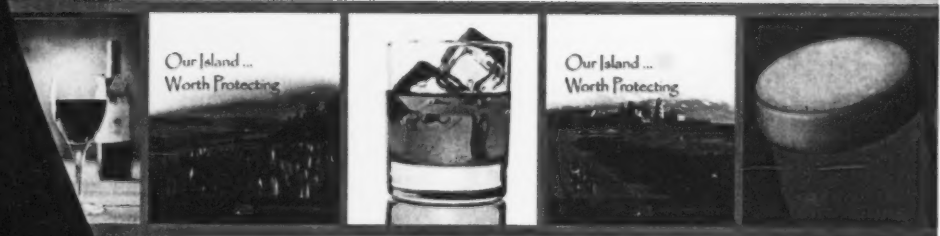


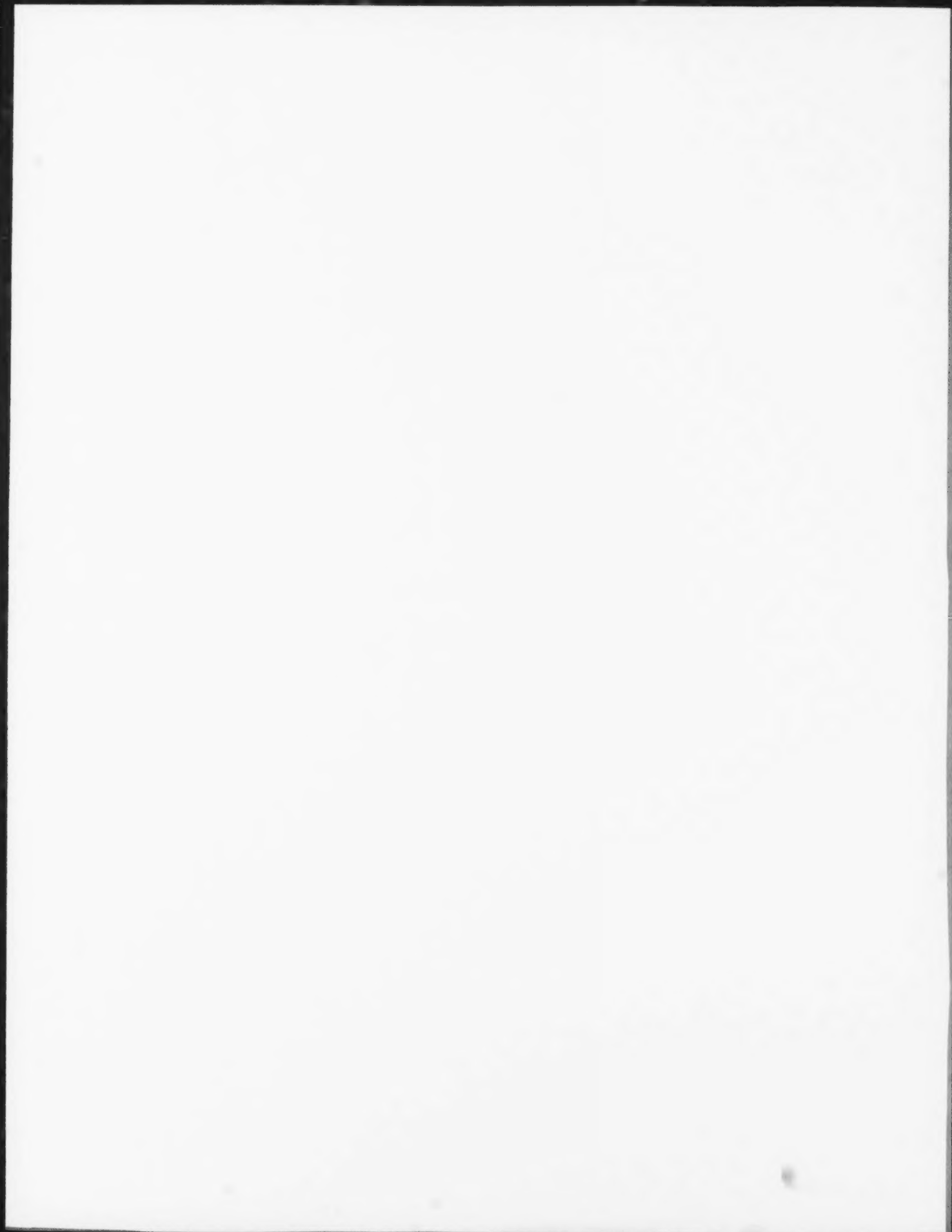
Annual Report 2010



Moderation is Always in Good Taste



**Liquor Control
Commission**



Prince Edward Island
Liquor Control Commission
62nd Annual Report

For the Year Ended
March 31, 2010



Corporate Vision

The Prince Edward Island Liquor Control Commission will be recognized as a truly superior retailer in Prince Edward Island. We will achieve this through quality products, modern technology and increased services. We will be the provincial leader in relationships with our partners, customers and suppliers. We will always strive for the best possible value for our customers, staff and other stakeholders.

Mission Statement

The PEI Liquor Control Commission regulates the sale of beverage alcohol under the authority of the *PEI Liquor Control Act*. It manages the distribution of alcohol by:

- operating in a socially responsible manner;
- achieving the revenue goals of the Provincial Government;
- providing suppliers with controlled access to the marketplace on a fair basis from modern, attractive venues;
- encouraging responsibility and moderation in the consumption of beverage alcohol; and
- providing its employees with equality of opportunity and increased training programs that assist in the individual's personal development and in the commission's overall customer service strategy.

Corporate Values

- **Moderation** – We promote responsible use as a way of life.
 - **Quality Service** – We take pride in the quality of our work. We strive for excellence in caring for our customers, suppliers and one another.
 - **Continuous Improvement** – As a retailer, we welcome change. We are committed to continuous improvement to all of our services.
 - **Integrity and Fairness** – We take responsibility and are fully accountable for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.
 - **Importance of People** – We are committed to fostering a positive workplace that builds teamwork, mutual respect and encourages individual development.
 - **Focus on Results** – We are committed to getting the job done and improving our productivity levels.
-

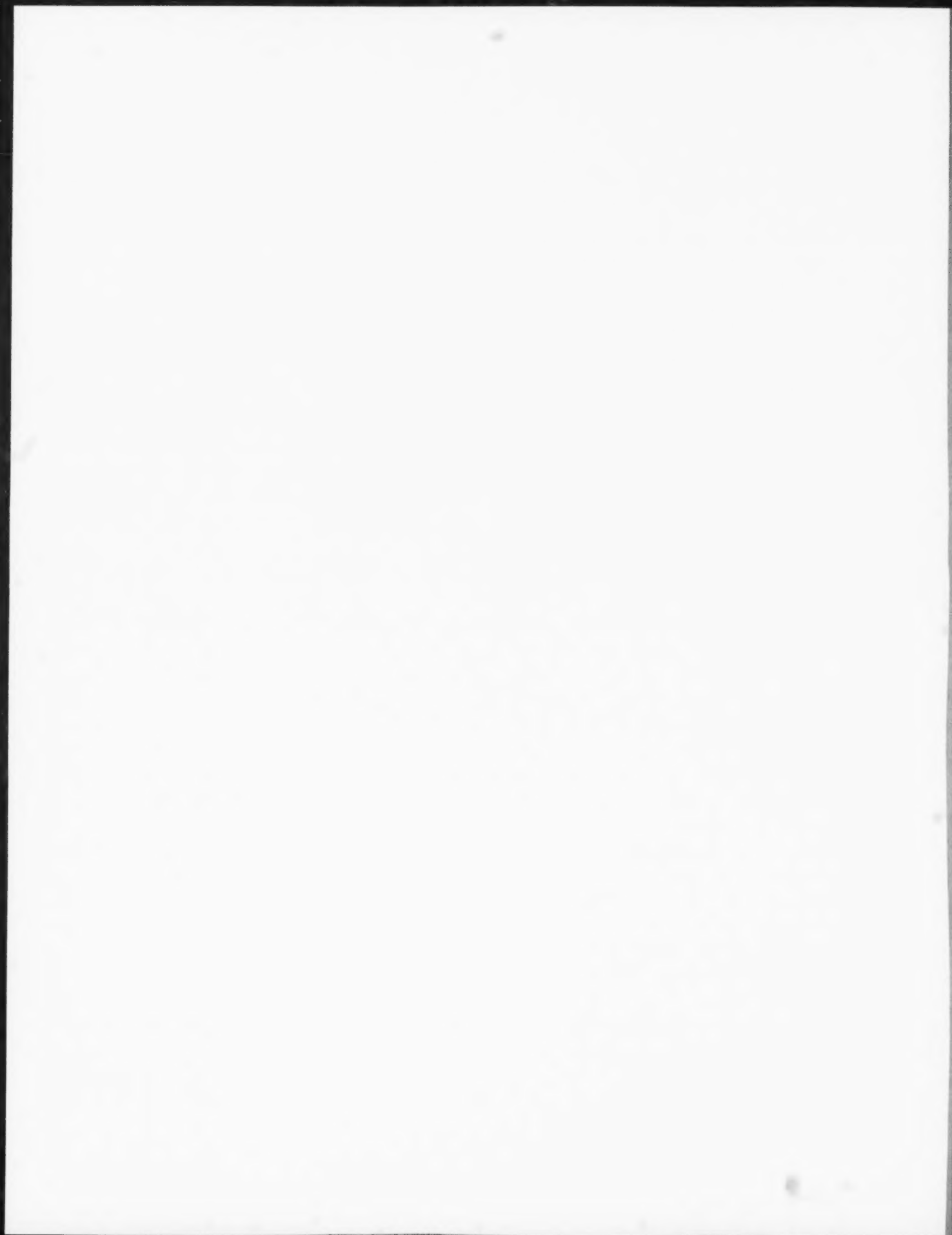
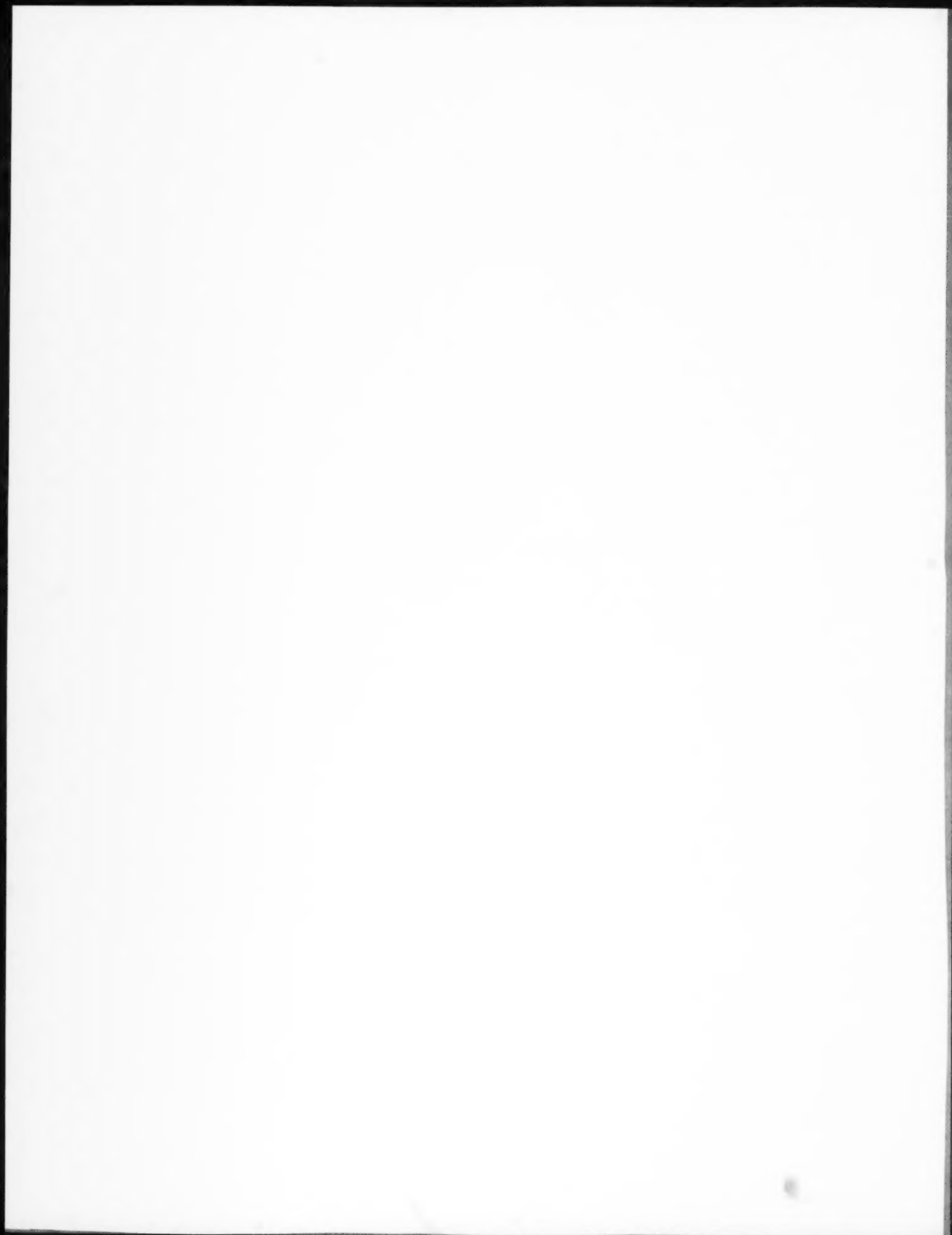


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Message From the Minister

The Honourable Barbara Hagerman
Lieutenant Governor of Prince Edward Island
PO Box 2000
Charlottetown, PE C1A 7N8



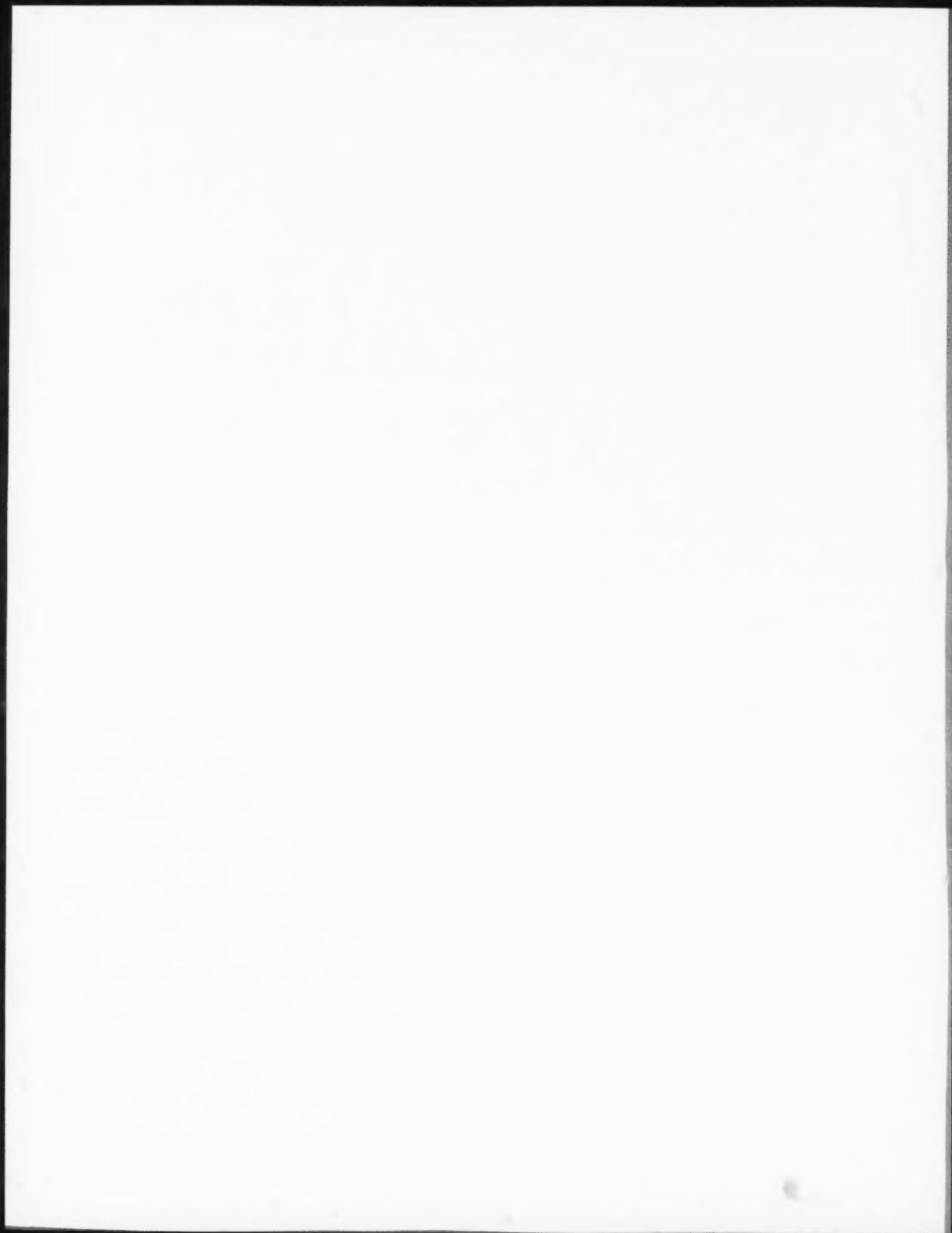
May It Please Your Honour:

Pursuant to the *PEI Liquor Control Act* and as Minister designate, it is my privilege to submit the 62nd Annual Report of the Prince Edward Island Liquor Control Commission.

Respectfully submitted,

A handwritten signature in cursive script, reading "Robert Vessey". The signature is written in dark ink on a light background.

Robert S. Vessey
Minister of Tourism and Culture
Minister Responsible for the Liquor Control Commission



Message From the Chairman

The Honourable Robert S. Vessey
Minister of Tourism and Culture
Minister Responsible for the Liquor Control Commission
PO Box 2000
Charlottetown, PE C1A 7N8



Sir:

In compliance with Section 87(3) of the *PEI Liquor Control Act*, I have the honour to submit the 62nd Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 2009 to March 31, 2010.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Hector MacLeod'.

Hector MacLeod
Chairman

Message From the Chairman

The Honourable Robert S. Vessey
Minister of Tourism and Culture
Minister Responsible for the Liquor Control Commission
PO Box 2000
Charlottetown, PE C1A 7N8



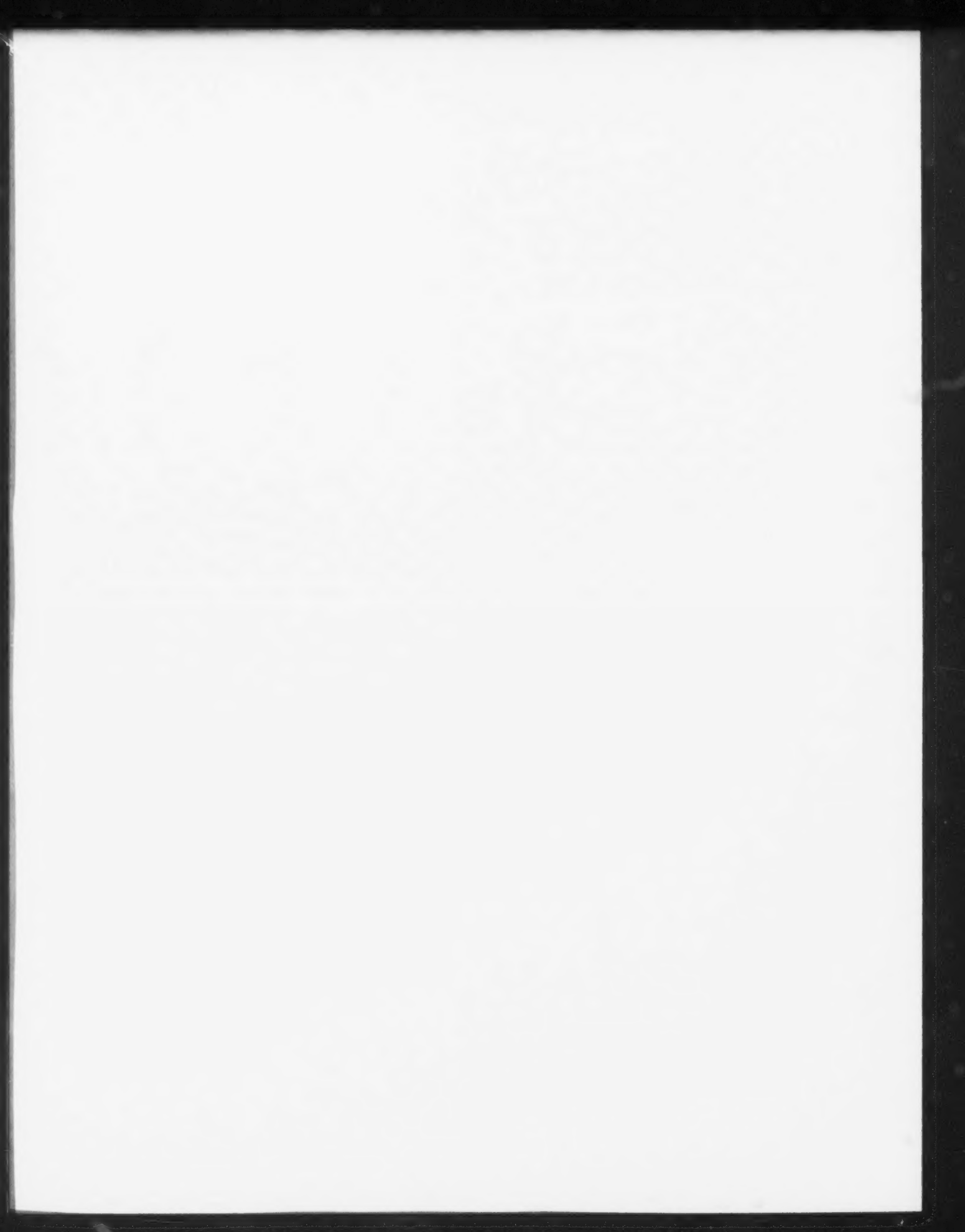
Sir:

In compliance with Section 87(3) of the *PEI Liquor Control Act*, I have the honour to submit the 62nd Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1, 2009 to March 31, 2010.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Hector MacLeod'.

Hector MacLeod
Chairman



Message From the CEO

Mr. Hector MacLeod, Chairman
PEI Liquor Control Commission
PO Box 967
Charlottetown, PE C1A 7M4



Dear Mr. MacLeod:

It is my pleasure to announce that the PEI Liquor Control Commission (PEILCC) has surpassed its financial goals for the 13th consecutive year. The PEILCC reported returns to the Government of Prince Edward Island in the amount of \$37.8 million for the fiscal year ending March 31, 2010.

This past fiscal year was very successful for the PEILCC with gross sales increasing by more than \$4.8 million to over \$90 million. The PEILCC attributes this success to the foresight, commitment and determination of both our staff and Board of Commissioners.

I want to thank all PEILCC employees for their contributions to our success this year. Thank you also to the ongoing commitment and leadership of the Executive Management team and finally to the continued support of the PEILCC Board. It is through our combined efforts that the PEILCC was able to surpass its goal for the fiscal year 2009-2010.

We have built a strong team at the PEILCC and I look forward to our future work together.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Brooke MacMillan'. The signature is stylized with a large, sweeping 'B' and a long horizontal stroke.

Brooke MacMillan
Chief Executive Officer

Management's Report

Mr. Hector MacLeod, Chairman
PEI Liquor Control Commission
PO Box 967
Charlottetown, PE C1A 7M4

Dear Mr. MacLeod:

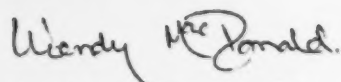
The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the commission. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with Canadian generally accepted accounting principles.

The commission maintains an accounting system and related controls to provide management and the commission with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

Financial information presented elsewhere in this annual report is consistent with that in the financial statements.



Brooke MacMillan
Chief Executive Officer



Wendy L. MacDonald, CA
Director of Finance and Retail Operations

Corporate Governance

Corporate governance describes the process and structure for overseeing the direction and management of a crown corporation so that it effectively fulfills its mandate. This involves both its public policy and commercial objectives. It defines who is responsible for what, and how to ensure accomplishment and accountability.



Liquor Control Commission Board

From left Sharon Moore, Vice-Chair; Robert Lord, Member;
Hector MacLeod, Chair, James Gormley, Q.C., Legal Counsel;
Chris Higgins, Member; Ralph Billard, Member; Pam Campbell, Secretary

Front: Brooke MacMillan, Chief Executive Officer

Mandate of Commission Board

The mandate of the board is to supervise the business affairs of the commission. Its most important responsibilities are:

- ensuring that the PEILCC provides high-quality service to the public
- developing and approving the strategic plan and monitoring management's success in meeting the strategic plan
- approving annual financial plans
- assessing and managing business risks
- ensuring that the PEILCC performs its regulatory role in a fair and impartial manner.

Accountility to Government and Public

The PEILCC is held accountable by the Government and people of PEI in a number of ways, including:

- the Annual Report, tabled in the Provincial Legislature and available for all Islanders to review, either in print or online at www.peilcc.ca
- annual audits of the PEILCC's financial statements by the auditor
- public access to records under the *Freedom of Information and Protection of Privacy Act*
- publicly appointed commission members.

Appointment of Members of the Commission

The Lieutenant Governor in Council, through an order-in-council, appoints the members of the commission, establishes the honorariums and designates the chair and vice-chair.

Responsibilities of Commission Members

Each commission member has individual responsibility for corporate governance including:

- acting honestly and in good faith in making decisions with a view to the best interests of the PEILCC and all its stakeholders
- overseeing the management of the business affairs of the PEILCC
- avoiding conflicts of interest
- having adequate knowledge of the PEILCC's business, how it is organized and how it functions
- attending commission meetings and seeking professional advice where necessary
- providing guidance on policy development
- reviewing appeals of denials of listing applications.

Audit Committee

The Audit Committee is composed of three commission members elected annually by the commission. The committee ensures the reliability and accuracy of the PEILCC's financial statements, helps co-ordinate and improve internal control functions, and ensures the PEILCC adheres to sound corporate governance principles.

Members of the 2009-10 Audit Committee consisted of Robert Lord, Chair and members Chris Higgins and Sharon Moore.

Strategic Planning Committee

The Strategic Planning Committee consists of at least three commission members with the chairman and the CEO as ex-officio members. The purpose of the committee is to review and evaluate the corporate plans and to make any recommendations to the board in relation to those plans that the committee considers appropriate.

Members of the 2009-10 Strategic Planning Committee were Sharon Moore, Ex-officio members Brooke MacMillan and Hector MacLeod, and members Chris Higgins and Robert Lord.



Management Team of the PEI Liquor Control Commission

From left: James C. MacLeod, Director of Licensing and Security;

Fred J. MacDonald, Director of Sales and Marketing;

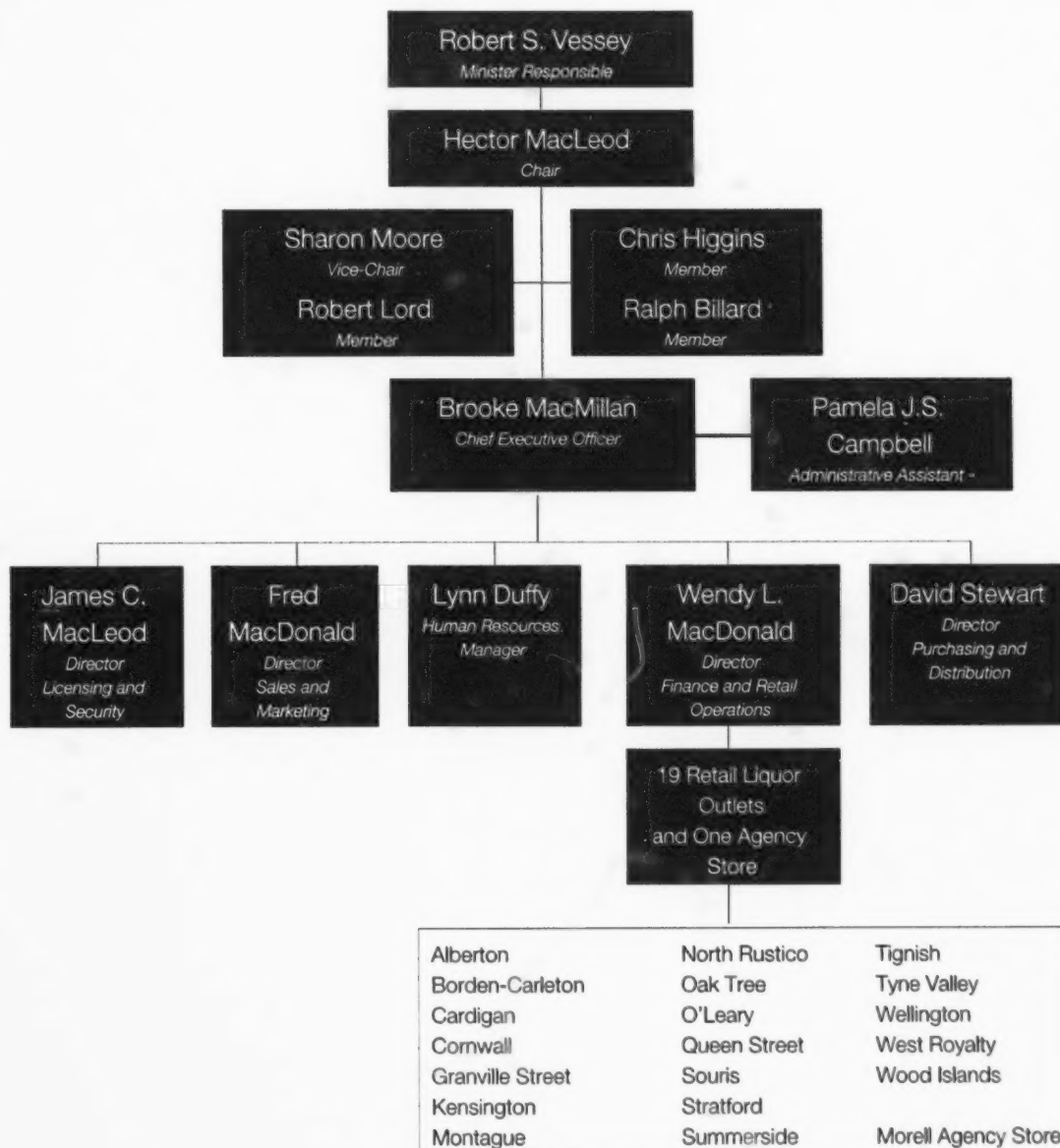
Wendy L. MacDonald, CA, Director of Finance and Retail Operations;

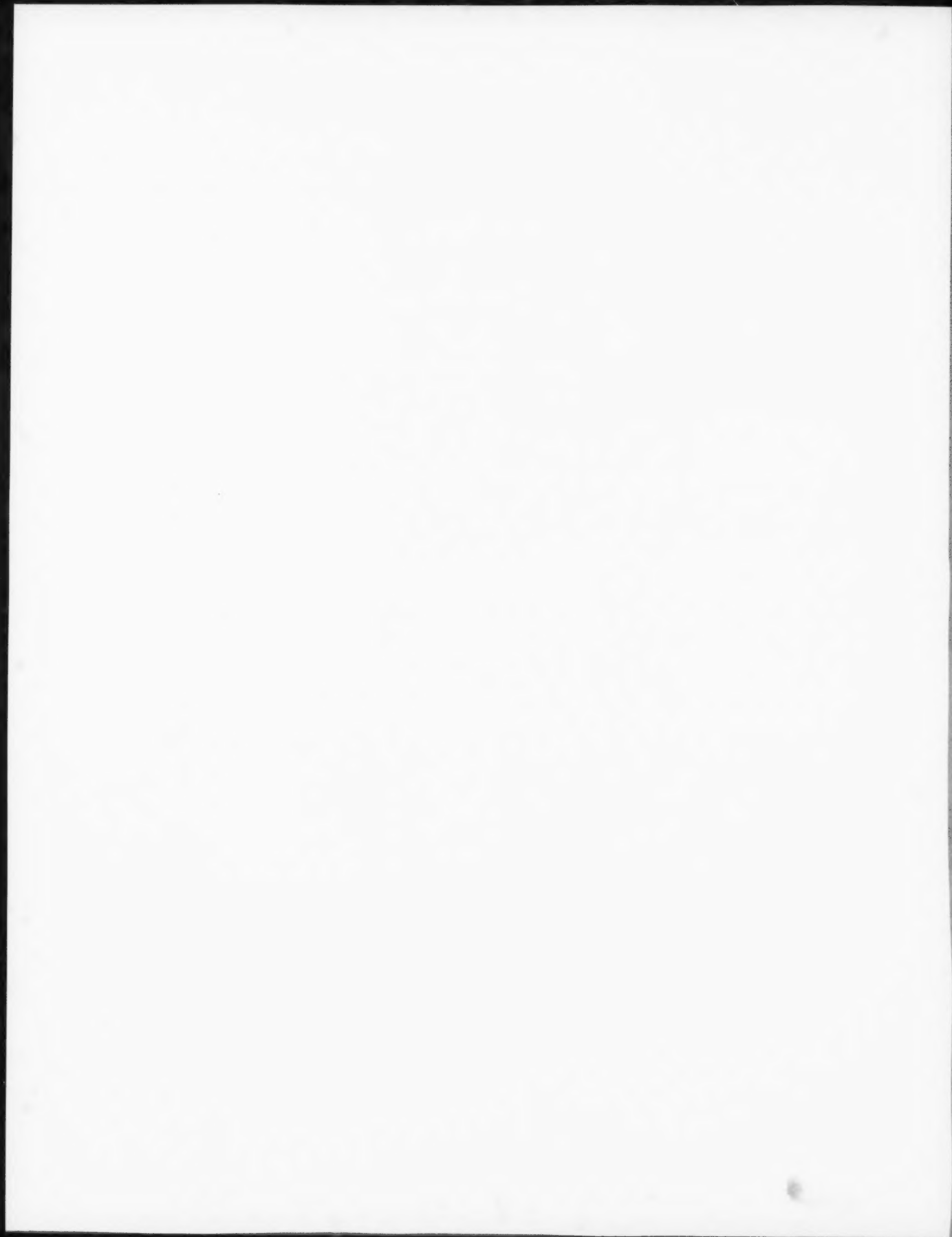
David L. Stewart, Director of Purchasing and Distribution;

Lynn Duffy, Human Resources Manager;

Brooke MacMillan, Chief Executive Officer

Organizational Chart





Executive Summary

The Prince Edward Island Liquor Control Commission (PEILCC) is a crown corporation responsible for the administration of the *Liquor Control Act* and Regulations, along with the purchase, control and sale of all beverage alcohol in the province.

A five-member Board of Commissioners is responsible for the commission's activities. The chairperson reports to the Minister of Tourism and Culture who is also the Minister Responsible for the *Liquor Control Act*.

The mandate under the *Liquor Control Act* has two primary components: regulatory and commercial.

The regulatory function responsibilities include licensing and inspecting all licensed premises and special permit events, investigating and reporting on all licensee or special permit complaints and determining whether there were infractions of the *Liquor Control Act* and making recommendations to government on amendments to legislation.

On the commercial side, the commission continues to be a major force in the provincial economy with gross sales in excess of \$90 million, making it one of the largest retail organizations on Prince Edward Island.

In terms of monetary transfers to the Provincial Treasury, this past fiscal year provided the largest transfer to date with more than \$37.8 million forwarded to the Province.

The commission currently operates 19 retail outlets, as well as a central warehouse and Licensee Distribution Centre located in Charlottetown. The commission has contracted with private interests for the operation of an Agency Store in Morell, PEI.

A strategic plan is in place that guides the commission to success in meeting its performance and accountability goals.

The commission focusses on the following five key areas to measure performance:

1. Financial Performance,
2. Customer Service,
3. Business Effectiveness,
4. Public Safety and Social Responsibility, and
5. Workplace Quality and Employee Excellence.

These areas serve as a blueprint for incorporating the Mission Statement into day-to-day activities. While the PEILCC's financial success was the "best ever," it was also successful in meeting strategic goals set out in the other four pillars of the strategic plan. The details of this success will be explained in further detail in this report.

Sommaire

La Régie des alcools de l'Île-du-Prince-Édouard (RAÎPÉ) est une société de la Couronne responsable de l'administration de la *Liquor Control Act* (loi sur le contrôle des alcools) et de ses règlements, ainsi que de l'achat, du contrôle et de la vente de toutes les boissons alcoolisées dans la province.

Un conseil de cinq commissaires est responsable des activités de la Régie. La présidence fait rapport au ministre du Tourisme et de la Culture qui est également ministre responsable de la *Liquor Control Act*.

Le mandat relevant de la *Liquor Control Act* a deux composantes principales, une de réglementation et l'autre commerciale.

Les responsabilités réglementaires comprennent l'octroi des licences et l'inspection de tous les débits de boisson et des événements nécessitant des permis spéciaux, l'enquête et les rapports de plaintes portant sur les détenteurs de licences ou de permis spéciaux, la prise de décisions concernant les infractions à la *Liquor Control Act* et les recommandations au gouvernement au sujet de modifications à la loi.

Du côté commercial, la Régie continue d'être un levier important de l'économie de la province avec des ventes brutes dépassant les 90 millions de dollars, ce qui en fait un des plus importants organismes de vente au détail de l'Île-du-Prince-Édouard.

En termes de transferts monétaires au Trésor provincial, l'Île a connu cette année fiscale le plus important transfert de son histoire, soit plus de 37,8 millions de dollars.

À l'heure actuelle, la Régie exploite 19 points de vente au détail ainsi qu'un entrepôt central et un centre de distribution pour les détenteurs de licences situé à Charlottetown. La Régie a passé un contrat avec le secteur privé pour les activités d'un magasin de franchise à Morell, Î.-P.-É.

Un plan stratégique est en place pour guider la Régie dans l'atteinte de ses objectifs de performance et d'imputabilité.

La Régie concentre ses efforts sur les cinq domaines principaux suivants afin de mesurer sa performance :

1. la performance financière;
2. le service à la clientèle;
3. l'efficacité des opérations;
4. la sécurité publique et la responsabilité sociale; et
5. la qualité du milieu de travail; l'excellence des employés.

Ces domaines servent de plan directeur à l'intégration de notre mission dans nos activités quotidiennes. En plus d'avoir connu notre meilleur succès financier de tous les temps, nous avons également réussi à atteindre la plupart des objectifs stratégiques fixés pour les quatre autres piliers de notre plan stratégique.

Operational Overview

2009-2010 Year in Review

The Prince Edward Island Liquor Control Commission's Strategic Plan continued to guide activities through fiscal 2009-2010. Progress on strategic objectives is supported by annual business plans that set priorities for actions to meet objectives and timelines for their completion. The following is an overview of our performance throughout the year in each of the five strategic objectives.

Goal 1 Financial Performance

Goal

To maximize net income within the policy guidelines established by the provincial government.

Objectives

1. Achieve or exceed planned monetary transfer to the Provincial Government.
2. Achieve or exceed net income targets.
3. Increase traffic through liquor stores.

	Actual 2008-2009	Budget 2009-2010	Actual 2009-2010	% of 2009-2010 Budget	Budget 2010-2011
Gross Sales	85,197,924	86,442,511	90,010,214	104.1%	92,060,569
Gross Profit	24,982,378	26,655,982	26,661,752	100.0%	26,998,750
Operating Expenses	12,755,912	13,916,887	13,283,777	95.5%	13,786,885
Net Income	13,923,410	12,860,245	15,001,581	116.7%	14,970,658
Monetary Transfers	35,486,654	34,722,759	37,835,246	109.0%	38,268,383

Performance Highlights

The PEI Liquor Control Commission delivered both an increased net profit and an increased transfer to the provincial government in fiscal 2009-2010.

For the fiscal year ended March 31, 2010, gross sales were \$90,010,214 which is an increase of \$4,812,290 over the previous year. This increase is a result of new sales and marketing initiatives.

Net profit for the year, plus health and sales taxes, totaled \$37,835,246. This is an increase over the 2008-2009 contribution to the province by \$2,348,592; the yearly transfer represents our best year ever in terms of contributions to the Provincial Treasury.

The commission's business is international in scope with approximately \$36.4 million spent on the purchase of beverage alcohol. Gross margins increased by 0.3% due to one time only marketing promotions.

In 2009-2010, the commission served 2,844,607 customers, an increase of 106,456. This increase is mainly a result of increased in-store promotions and the continuation of Sunday openings.

Figure A – Sources of Gross Revenue
Fiscal Year 2010

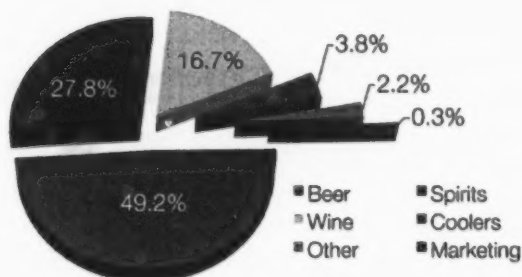
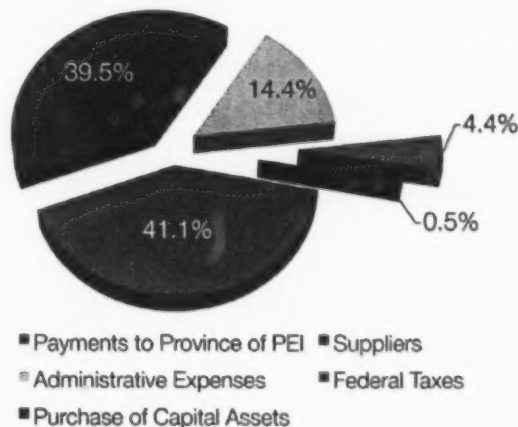


Figure B – Application of Gross Revenue
Fiscal Year 2010



Goal 2 Customer Service

Goal

To understand the needs of our customers so that we can provide quality products and services that are delivered by knowledgeable, courteous employees in attractive and accessible facilities.

Objectives

1. Enhance the shopping experience for PEILCC wholesale and retail customers.
2. Provide enhanced customer services.
3. Improve product portfolio.

	Actual 2008-2009	Target 2009-2010	Actual 2009-2010	% of 2009-2010 Target	Target 2010-2011
Customers Served	2,738,151	2,772,378	2,844,607	102.6%	2,916,436
Average Customer Transaction Value	31.12	31.18	31.64	101.5%	31.57

Volumes by Litres					
	Actual* 2008-2009	Target 2009-2010	Actual 2009-2010	% of 2009-2010 Target	Target 2010-2011
Beer	9,045,595	9,031,963	9,296,991	102.9%	9,340,502
Draught	580,187	572,030	601,782	105.2%	603,076
Spirits	825,805	839,635	835,225	99.5%	831,824
Wine (including BYO)	1,157,188	1,207,693	1,221,750	101.2%	1,283,226
Coolers	400,581	377,133	436,224	115.7%	448,266
Total	12,009,356	12,028,454	12,391,972	103.0%	12,506,894

* Prior year's results have been restated to reflect actual results.

Performance Highlights

In May, the PEI Liquor Control Commission introduced a new retail merchandising program highlighting locally made alcohol products. The 'Good Earth, Great Spirit' displays provided exposure for Island made products in all 19 retail outlets across the province, featuring products from the Myriad View Distillery, Prince Edward Distillery, Rossignol Winery, Honeydew Apiaries and Gahan Brewery.

In an effort to provide customers with value propositions, the PEILCC established new sales and marketing initiatives throughout the year. The success of these offers

helped the commission realize growth in all categories. Spirit and packaged beer categories experienced growth of 1.1% and 2.8%; while draught and coolers grew at 3.7% and 8.9% respectively. This volume increase is attributable to a major concert being held in the current fiscal year driving draught and cooler sales, without a similar concert in the prior fiscal year.

The wine category continues to enjoy a strong position in comparison to the other categories. With growth in this category of 5.6% for the current year, the commission's wine portfolio continues to develop as

customers expand their knowledge and taste for wines.

In mid-summer, the PEI Liquor Control Commission launched the *Splash into Summer* program which provided discounts to customers through coupons on featured brands in each of the beer, spirits and wine categories. This program proved to be a success and contributed to the record transfer to the Provincial Treasury.



The Charlottetown Civic Centre acted as the venue for the 15th annual PEI Liquor Control Commission Wine Festival. This successful annual event featured more than 200 wines in efforts to generate interest and expand the overall General Wine list. The wines presented at the Festival offer more choice for consumers and licensees, which in turn enhances the dining experience at many of the Island's fine restaurants.

The commission participated in three other events during the year including the inaugural PEI Savour Food and Wine Show in May; the 2nd annual Summerside Wine, Arts and Culinary Festival in July and the always popular Fall Flavours in September. These events helped the commission generate interest in its three major categories wine, beer and spirits.

During December, the commission embarked on a holiday program similar to *Splash Into Summer*. 'Tis the Season to Give and Receive highlighted participating brands and offered saving to customers as well as providing awareness of PEILCC gift cards. The results of this program were positive and helped to re-introduce PEILCC gift cards to the marketplace.



In its efforts to provide the best service possible to its customers, Category Managers were hired to manage the Wine, as well as the Spirits and Beer categories. The commission has been able to expand and develop the wine category using the skills of the sommelier who was hired to manage this category. Similarly, the Beer and Spirits category has been expanded to include single serve and import beer under the direction of the new category manager.

Both of these new roles help to increase consumer awareness of commission products and help to develop the respective portfolios. The additional professional development options that are now possible for staff, was another positive benefit.

The commission continues to offer issues of *Occasions* magazine each quarter and is pleased to feature product knowledge, recipes, articles on topics of local interest and responsible use messaging.

Goal 3 Business Effectiveness

Goal

To improve operating efficiencies and manage business practices in a climate of continuous change.

Objectives

1. Operate the business in the most effective and efficient manner possible.
2. Maximize the efficiency of the PEILCC liquor distribution operation.

	Actual 2008-2009	Target 2009-2010	Actual 2009-2010	% of 2009-2010 Target	Target 2010-2011
Distribution centre fill rate	96%	95%	85.50%	90%	85%
Distribution centre stock-out	6.52%	6%	7.90%	131.60%	12%
Warehouse inventory turns/days	61.7*	60	65	105%	70
Store Inventory Turns/Day	28.97	31	30.02	96.84%	35
Gross Sales per Square Foot (Retail and Licensee)	692.62	702.74	731.74	104.13%	748.41
*Increase due to direct shipment of Molson products from Moncton brewery					

Performance Highlights

At the beginning of the fiscal year, the commission set inventory turnover goals as part of its strategic plan. These turnover ratios, based on the year ended March 31, 2009, allow the commission to measure its inventory efficiencies.

During the year the commission experienced an increase for days-in-inventory at both the store and warehouse level. At the store level, days-in-inventory was just over 30 days, an increase of 1.05 days; and at the warehouse level, days-in-inventory was 65, a decrease of 3.3 days over last year.

The PEILCC increased the number of days in inventory to ensure customer service levels were maintained. To avoid stock-outs at the store level, more stock was

inventoried in the stores and in the warehouse resulting in fewer inventory turns during the year.

Warehouse stock-out reports continue to be utilized in order to better serve customers. These reports allow better monitoring of inventory to ensure goods are available to be shipped from the warehouse to the store, therefore minimizing the number of stock-outs and increasing customer satisfaction.

Increased customer satisfaction and efficiencies can also be measured by sales per square foot. Over the past number of years, commission gross sales per square foot have been trending upward, indicating fewer stock outs and more products being brought to market thus increasing overall customer satisfaction.

Goal 4 Public Safety and Social Responsibility

Goal

In partnership with community groups and suppliers, we will strive to raise public and staff awareness of the responsible use of beverage alcohol.

Objectives

1. Eliminate sales to minors and intoxicated people.
2. Continue to increase the awareness and promote public awareness of issues surrounding responsible use of beverage alcohol.
3. Increase, through partnerships, the effects of the responsible use of alcohol.

	Actual 2008-2009	Target 2009-2010	Actual 2009-2010	% of 2009-2010 Target	Target 2010-2011
% of licensees and permit holders in compliance with legislation, regulations and policies	N/A - NEW	95%	94.60%	99.58%	95%
% of license and permit applications completed within established time frames*	N/A - NEW	98%	100%	102.04%	98%
Shrinkage(% of gross sales)	N/A - NEW	0.04%	0.05%	100.00%	0.04%
*Time Frame - 7 days for permits, 21 days for licenses					

Performance Highlights

The PEI Liquor Control Commission continues to promote the responsible use of alcohol through various awareness programs. Ongoing, initiatives include: Support Safe Grad Campaign, ID Training for liquor store staff, Check 25 ID Program, HOST booklet and various responsible use messages. During peak times such as graduation, Christmas and New Years, responsible use messages were promoted through local media and *Occasions* magazine.

New initiatives added to the portfolio in fiscal 2009-10 included MADD Canada's Multi-media School Assembly Program presentations and financial support to charitable organizations through a fundraising program for Habitat for

Humanity and the first annual PEILCC Golf Classic.

The commission partnered with a number of wine suppliers on an initiative to benefit Habitat for Humanity. The commission offered wine coolers and wine that were raffled together as prize packages in the 19 PEILCC retail outlets across the province. The raffle raised in excess of \$26,000 toward a Habitat for Humanity build in the Charlottetown Area.

In response to the catastrophe in Haiti, arrangements were made to accept donations at the PEILCC retail outlets. As a result of the contributions made by PEILCC customers, over \$16,000 was raised to assist with relief efforts being coordinated by

the Canadian Red Cross.

The commission participates on a number of committees including the Provincial Impaired Driving Committee, Provincial Youth Substance Abuse and Addictions Committee and the Canadian Liquor Jurisdictions Social Responsibility Committee.

The commission strives to provide products that are socially responsible and incorporates responsible messaging into product promotion. This includes the annual SADD Paper Bag initiative.

The PEILCC actively supports various groups and causes through coin box collections in all retail outlets. Groups including ALS Society, Cat Action Team, Cerebral Palsy Association of PEI, Haiti Earthquake Disaster, IWK Health Centre, Kidney Foundation of Canada, MADD, PEI Lung Association, PEI Muscular Dystrophy Association, PEI Rape and Sexual Assault Centre, Spay-Aid PEI and Student Life Education Company all received benefits from this activity.

During the fiscal year, the commission continued its commitment to social responsibility in the areas of alcohol service and community support.

The PEILCC partnered with a number of outside agencies in shared activities including:

- Participated as an active member of the Canadian Association of Liquor Jurisdictions (CALJ) Social Responsibility Committee on the national *Moderation is always in good taste* campaign. The commission also continued with CALJ's multi-jurisdictional #TAXI initiative.
- Assisted in sending PEI SADD (Students Against Drinking and Driving) representatives to the national Canadian Youth Against Impaired Driving (CYAID) conference.
- Continued, in affiliation with the Canadian Culinary Institute, to provide the mandatory server program *It's Our Business* which is an awareness program for staff of licensed premises.
- Raised monies for ALS Society of PEI, Canadian Diabetes Association, Cure Foundation, Easter Seals Society of PEI, Haiti Relief, IWK Health Centre Foundation, Parkinson Society, QEII Foundation and United Way through weekly staff dress-down days and other staff events raising a total of \$9,926.
- Generated over \$5,000 in support of the Hospice Palliative Care Association of PEI through proceeds from the silent auction, held during the Annual Wine Festival.

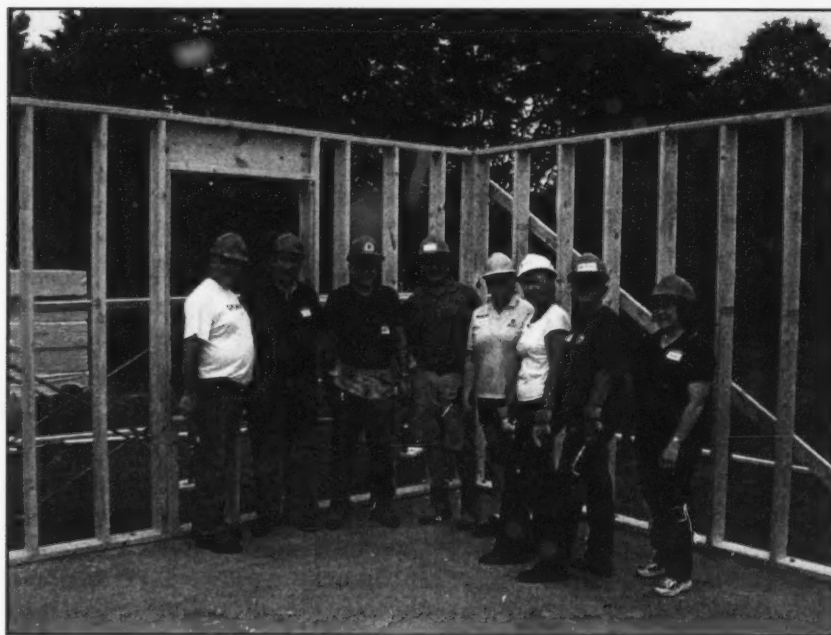
Optimal compliance to the *Liquor Control Act*, Regulations and Policies is a primary objective of the commission. Retail staff are required to check and verify the age of customers and refuse minors or intoxicated persons. In 2009-2010, store staff checked 71,646 people suspected of being underage, intoxicated or with no ID and turned away 2,999.

Inspection staff performed 4,686 compliance inspections and 7,945 ID checks in licensed premises.

After evaluating all stores in relation to established criteria, the staff of the O'Leary store was awarded the Annual CEO's Award of Merit for Loss Prevention for fiscal 2009-2010.



O'Leary Liquor Store staff receive the CEO's Award for Merit for Loss Prevention



PEILCC staff volunteer with Habitat for Humanity. Left to right: Fred MacDonald, Billy MacMillan, Dave Stewart, Brooke MacMillan, Donalda Docherty, Judy Hood, Pam Campbell and Lynn Duffy

Goal 5 Workplace Quality and Employee Excellence

Goal

Build a customer-focused, high-performance work environment that results in greater employee involvement, development, innovation and creativity.

Objectives

1. Enhance staff skills through employee training programs.
2. Continue to develop a customer-focused workplace.
3. Provide a safe, healthy and harassment-free workplace.

	Actual 2008-2009	Target 2009-2010	Actual 2009-2010	% of 2009-2010 Target	Target 2010-2011
Workplace quality training	175*	120	127	105.83%	140
Product knowledge training	75	75	144	192.00%	142
Staff development (professional and personal)	42	40	55	137.50%	55

*Includes one-time Oracle software training for 60 employees

Performance Highlights

Training is offered to PEI Liquor Control Commission employees on an on-going basis. The Product Knowledge Course, offered in conjunction with the Liquor Control Board of Ontario (LCBO) is available to all staff. Requests to participate in this course increase each year as staff strive to expand their product knowledge.

In addition to the LCBO program, ten PEILCC employees have enrolled in a new wine appreciation and knowledge course offered by the Category Manager of Wine. This intensive program is aimed at ensuring knowledgeable staff are available in PEILCC stores to assist customers with wine selection and with food and wine pairing.

The commission is very aware of the need for continuous staff development and therefore offers product specific seminars throughout the year. These seminars are held either in-store with staff, at larger venues like the Culinary Institute or at the PEI Liquor Control Commission's head office. Industry leaders often head these seminars, which on occasion are also open to the commission's licensees.

During the past fiscal year, PEILCC retail staff visited numerous Island producers to learn first-hand how their products are made. It is the commission's intention to have store staff participate in tours of Gahan Brewery, the Myriad View Distillery, Prince Edward Distillery, and Rossignol Winery.

The PEILCC is very conscious of the need for safety awareness in the workplace, not only for employees but also for customers. It is for that reason that First Aid and CPR training is made available to all staff on an annual basis. In the future, more emphasis will be placed in this area in regard to seasonal employees who are hired during the peak summer season and experience a high concentration of customer traffic. Occupational Health and Safety (OH&S) is also of importance for the PEILCC. OH&S representatives received updated training on their responsibilities as well.

An ID verification seminar was attended by a cross-section of retail staff. This presentation provided the opportunity for staff to increase their skills in the recognition of altered identification. The Licensing and Security Department also provided its staff with a training seminar relating to interviewing and investigation.

Ceridian Canada Ltd. was a popular resource again this year in the provision of training relating to professional development, with 30% of the total development opportunities in this area provided by Ceridian. Other professional development initiatives were provided by UPEI through programs including the Leadership Development Program, as well as local technology training centres. Those employees who are interested in advancing to management roles have been actively involved in business management training during recent years. The province's Development and Training Fund continues to provide assistance to employees as they pursue advanced training opportunities.

Challenges and Opportunities Ahead

Looking ahead, the commission has identified a number of opportunities and challenges.

Over the past several years, the commission has strived to meet the expectations of an increasingly diverse and discerning customer base. Incorporating customer-friendly designs in both new stores and renovations has resulted in improvements to how products are marketed. The changes made to meet PEILCC consumers' needs, set standards for the commission's facilities and services which will require investment over time. The need to invest in both human and financial resources to fulfill our 2010-2013 strategic plan, will also be required.

In order to meet our future needs the commission requires a capital plan that provides for investment in technology and retail stores. To provide the necessary funds for these investments, the commission has increased its monetary transfer goal to over \$38 million for the 2010-2011 fiscal year.

In conjunction with the capital plan, the commission will be undertaking a major capital project during the fiscal year 2010-2011 with the relocation of the liquor store in Stratford from the Bunbury Mall to the Kinlock Plaza. The new location will be adjacent to Sobeys and will include a larger beer cooler, increased floor space and product selection and provide a more consumer-friendly shopping experience.

A key challenge exists in the area of human resources. The PEILCC constantly reviews resource requirements in order to manage

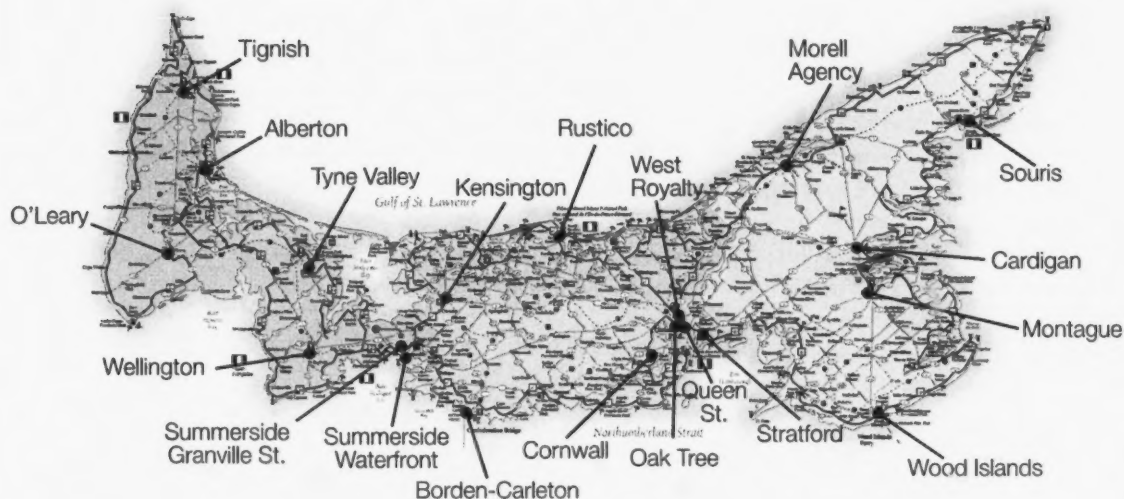
retirements as well as changing retail and technology needs. Ensuring that proper training is provided to existing and newly hired staff also forms part of this review.

The PEILCC is creating a more disciplined category management approach, working in co-ordination with our supply chain, which will allow the development of a more efficient system of getting beer, wine and spirits from the network of suppliers around the world to PEILCC's central warehouse in Charlottetown. In order to better serve customers, the PEILCC will investigate new opportunities to coordinate and execute strategies and tactics for product development and achieve an optimum balanced product mix including the introduction of beers of the world. In addition, the Commission will consider realigning resources including moving the responsibility for retail operations from finance to marketing and sales.

The commission's commitment to social responsibility presents ongoing opportunities to communicate and reinforce the message of responsible use and public safety to a wide range of audiences. In addition, the Commission will investigate realigning resources and will consider moving the responsibility for retail operations from finance to marketing sales.

Underlying all of these challenges and opportunities is the vision of excellence in management. Being prepared to capitalize on new opportunities in the marketplace and continuing to integrate and streamline operations is key. The PEILCC is confident that it is building an organization which is internally more efficient and publicly more accountable.

Prince Edward Island Liquor Control Commission Retail Liquor Outlets



Location	Manager	Location	Manager
Alberton	Eric Quigley*	Queen Street	Linda Somers*
Borden-Carleton	Susan Harvey	Souris	Paul Deveau
Cardigan	Anita O'Connor	Stratford	Cindy Judson
Cornwall	William MacMillan	Summerside Granville Street	Ronald Yeo
Kensington	Miles Worth*	Summerside Waterfront	Terry Lynn MacKenzie
Montague	Anita O'Connor	Tignish	Sandra Hawley
Morell Agency	Mary Jane Webster	Tyne Valley	Clarence Richard
North Rustico	Wayne MacDonald*	Wellington	Clarence Richard
Oak Tree	Ernest Fitzpatrick*	West Royalty	Alan Crane
O'Leary	Karen MacDonald	Wood Islands	Anita O'Connor

*denotes acting assignment

Statistics

Retail Gross Sales by Store

Retail Store	Year Ended March 31, 2010	Year Ended March 31, 2009	Increase (Decrease)
Alberton	\$ 1,525,732	\$ 1,459,000	\$ 66,732
Borden/Carleton	1,670,240	1,570,157	100,083
Cardigan	2,096,121	1,988,451	107,670
Charlottetown – Oak Tree Place	15,085,516	14,238,626	846,890
Charlottetown – Queen Street	3,134,609	3,158,495	(23,886)
Cornwall	5,008,227	4,612,576	395,651
Kensington	3,496,762	3,194,042	302,720
Licensee Distribution Centre	6,671,422	6,469,464	201,958
Montague	4,683,277	4,410,169	273,108
North Rustico	3,431,523	3,181,471	250,052
O'Leary	1,696,614	1,692,943	3,671
Souris	2,736,840	2,674,258	62,582
Summerside – Granville Street	7,599,378	7,334,355	265,023
Summerside – Waterfront	5,376,263	4,859,572	516,691
Stratford	7,809,864	7,199,053	610,811
Tignish	2,289,111	2,268,001	21,110
Tyne Valley	1,021,062	1,001,838	19,224
Wellington	1,234,340	1,151,897	82,443
West Royalty	12,344,244	11,539,535	804,709
Wood Islands	503,385	540,861	(37,476)
Warehouse	595,684	653,160	(57,476)
Total	\$ 90,010,214	\$ 85,197,924	\$ 4,812,290

Statistics

Summary of Profit and Expense Ratios Three-year Comparison

(in 000s)

	2010	2009	2008
Gross Sales	\$ 90,010	\$ 85,198	\$ 80,964
Gross Profit	\$ 26,662	\$ 24,982	\$ 23,848
Net Profit	\$ 15,001	\$ 13,923	\$ 13,597
General and Administrative Expenses	\$ 13,284	\$ 12,756	\$ 12,061
Gross Profit as Percentage of Gross Sales	29.6%	29.3%	29.5%
Net Profit as Percentage of Gross Sales	16.7%	16.3%	16.8%
General and Administrative Expenses as a Percentage of Gross Sales	14.8%	15.0%	14.9%

Table A – Spirit Sales Volumes (litres) by Product Type

Year	2010	2009*	2008
Rum	273,994	276,865	281,557
Vodka	212,282	206,509	197,394
Whiskey	160,228	162,610	160,017
Liqueurs	64,990	65,211	64,105
Premix	63,597	54,843	52,148
Scotch	22,052	23,484	21,372
Gin	18,226	18,064	17,429
Brandy	4,634	4,905	5,066
Tequila	4,493	4,388	4,415
Bourbon	4,067	3,479	3,546
Miscellaneous	6,662	5,447	5,044
Total	835,225	825,805	812,093

* Prior year's results have been restated to reflect actual results.

Table B – Wine Sales Volumes (litres) by Product Type

Year	2010	2009*	2008
White	606,481	569,955	550,579
Red	507,544	476,898	445,764
Fruit	42,629	43,479	41,335
Sherry	16,098	15,790	16,544
Rose	17,477	18,293	19,972
Dessert	11,360	10,500	9,898
Cider	7,607	10,142	5,425
Port	4,078	4,511	4,693
Vermouth	2,434	2,511	2,754
Miscellaneous	6,042	5,109	4,338
Total	1,221,750	1,157,188	1,101,302

Table C – Beer Sales Volumes (litres) by Product Type

Year	2010	2009*	2008
Packaged	9,296,991	9,045,595	8,854,797
Draught	601,782	580,187	592,504
Total	9,898,773	9,625,782	9,447,301

Table D – Cooler Sales Volumes (litres) by Product Type

Year	2010	2009*	2008
Spirit Coolers	414,409	381,260	429,801
Wine Coolers	21,815	19,321	25,380
Total	436,224	400,581	455,181

* Prior year's results have been restated to reflect actual results.

Table E – 2010 Public versus Licensee Gross Sales by Category

	2010			2009		
	Public	Licensee	Total	Public	Licensee	Total
Beer	\$36,826,355	\$8,593,132	\$45,419,487	\$34,171,017	\$8,011,826	\$42,182,843
Spirits	23,112,992	2,564,704	25,677,696	22,383,840	2,463,705	24,847,545
Wine	13,253,954	2,164,511	15,418,465	12,738,529	2,205,575	14,944,104
Coolers	2,884,379	590,603	3,474,982	2,612,001	593,715	3,205,716
Total	\$76,077,680	\$13,912,950	\$89,990,630	\$71,905,387	\$13,274,821	\$85,180,208

Table F – 2010 Public versus Licensee Sales Volumes (litres) by Category

	2010			2009*		
	Public	Licensee	Total	Public	Licensee	Total
Beer	7,842,300	2,056,473	9,898,773	7,555,012	2,070,770	9,625,782
Spirits	739,288	95,937	835,225	732,614	93,191	825,805
Wine	1,025,680	196,070	1,221,750	961,997	195,191	1,157,188
Coolers	356,941	79,283	436,224	321,916	78,665	400,581
Total	9,964,209	2,427,763	12,391,972	9,571,539	2,437,817	12,009,356

*Prior year's results have been restated to reflect actual results.

Statistics

Total Licences and Special Permits March 31, 2009 and March 31 2010

Licence Type	Year Ended March 31, 2010	Year Ended March 31, 2009
Dining Room	181	188
Lounge	87	90
Club	58	61
Military Canteen	21	22
Special Premise	68	66
Caterer	27	24
Agency Store	1	1
Winery	2	2
Micro-Brewery	1	1
Tourist Home	5	5
Distillery	2	2
Brew Pub	1	1
Ferment on Premises*	4	N/A
Total Licences in Effect	458	463

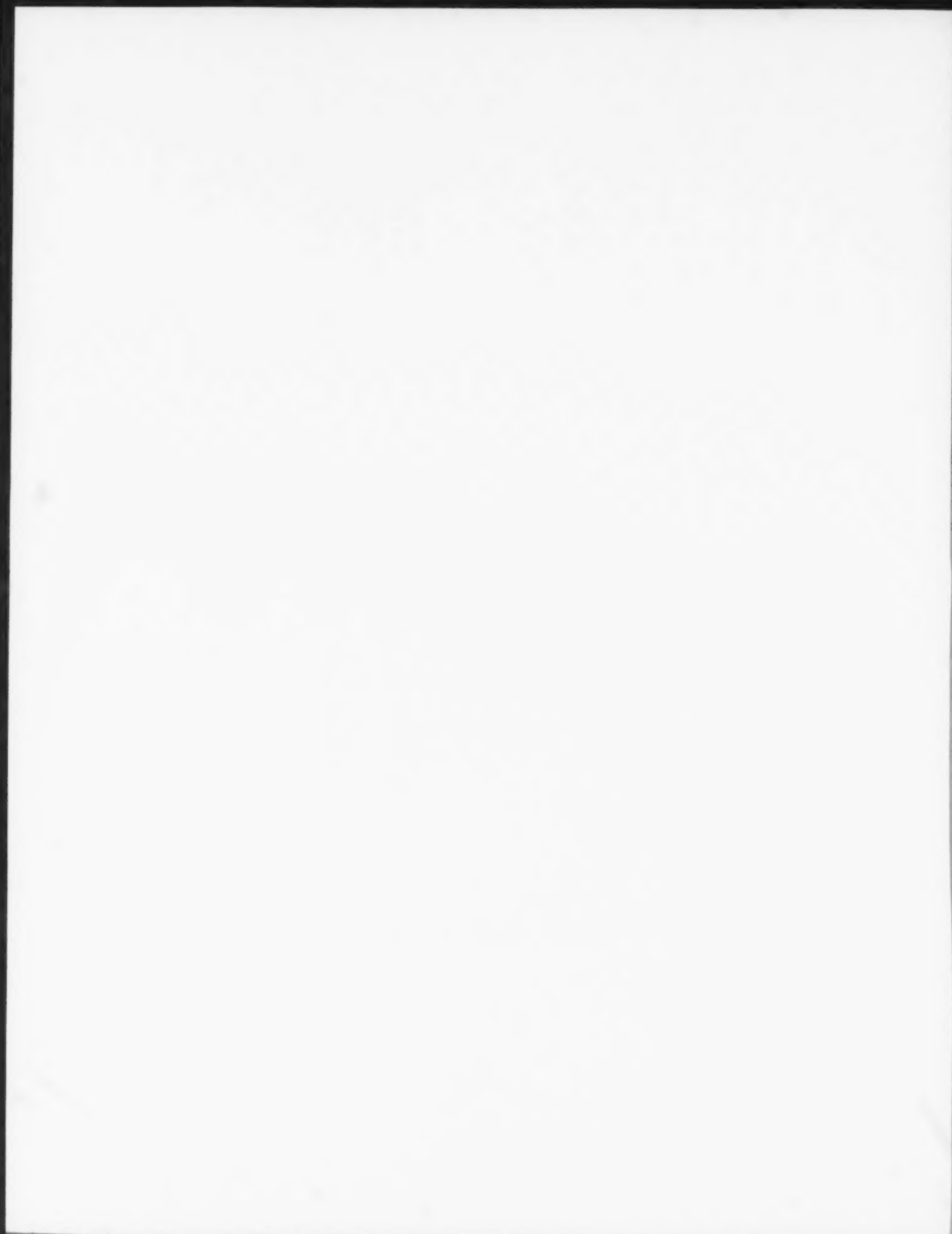
In fiscal year 2009-2010, the Licensing and Security Department issued 60 new licences and 65 licences were either not renewed or surrendered.

*Licence implemented in 2009-10.

Special Permits Issued	Year Ended March 31, 2010	Year Ended March 31, 2009
Class I	159	100
Class II	214	260
Total	373	360

A Class I permit entitles host to give beverages to guests.

A Class II permit entitles host to sell beverages to guests.



Appendix

*Auditor's Report
and
Audited Financial Statements*



AUDITOR GENERAL

**CHARLOTTETOWN
PRINCE EDWARD ISLAND**

**PRINCE EDWARD ISLAND
LIQUOR CONTROL COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2010**

AUDITOR GENERAL

**CHARLOTTETOWN
PRINCE EDWARD ISLAND**

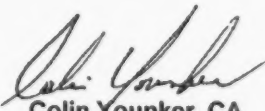
AUDITOR'S REPORT

**To the Commissioners of the
Prince Edward Island Liquor Control Commission**

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2010 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Colin Younker, CA
Auditor General

**Charlottetown, Prince Edward Island
June 23, 2010**

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

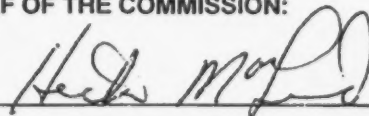
AS AT MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 979,252	\$ 2,265,742
Accounts receivable - General	643,543	529,392
- Province of PEI	67,201	68,857
Inventory	4,213,569	3,982,624
Prepaid expenses	<u>94,562</u>	<u>111,647</u>
	5,998,127	6,958,262
Property, plant & equipment - Note 3	<u>4,308,698</u>	<u>4,642,895</u>
	<u>\$10,306,825</u>	<u>\$11,601,157</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals - General	\$ 992,287	\$ 1,864,214
- Province of PEI	48,229	117,581
Debentures payable - current portion - Note 5	862,406	1,309,924
Due to the Province of PEI - net income - Note 1(d)	<u>5,755,070</u>	<u>5,048,199</u>
	7,657,992	8,339,918
LONG TERM LIABILITIES		
Debentures payable - Note 5	<u>2,648,833</u>	<u>3,261,239</u>
	<u>\$10,306,825</u>	<u>\$11,601,157</u>

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER:



COMMISSIONER:



STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 2010

		<u>2010</u>	<u>2009</u>
GROSS SALES		\$90,010,214	\$85,197,924
Less: Provincial Health Tax	15,873,176	15,027,697	
Provincial Sales Tax	6,960,489	6,535,547	
Federal Goods & Services Tax	<u>4,081,693</u>	<u>26,915,358</u>	<u>3,862,087</u>
			<u>25,425,331</u>
NET SALES		63,094,856	59,772,593
COST OF GOODS SOLD		<u>36,433,104</u>	<u>34,790,215</u>
GROSS PROFIT		26,661,752	24,982,378
EXPENSES			
Amortization	825,170	792,520	
Insurance and taxes	170,416	175,150	
Interest on long-term debt	222,684	279,653	
Leases - Note 4	737,193	763,221	
Other operating expenses	962,249	849,467	
Repairs and maintenance	595,967	597,840	
Salaries and benefits - Note 6	8,487,604	7,947,642	
Store and office expenses	384,834	349,023	
Travel	114,258	130,126	
Utilities	<u>783,402</u>	<u>13,283,777</u>	<u>12,755,912</u>
		13,377,975	12,226,466
OTHER INCOME		<u>1,623,606</u>	<u>1,696,944</u>
NET INCOME Note 1(d)		\$15,001,581	\$13,923,410
RETAINED EARNINGS, BEGINNING OF YEAR		-	-
Distributions to the Province		<u>15,001,581</u>	<u>13,923,410</u>
RETAINED EARNINGS, END OF YEAR		<u>\$ -</u>	<u>\$ -</u>

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net income for the year	\$15,001,581	\$13,923,410
Non cash charges:		
Amortization	<u>825,170</u>	<u>792,520</u>
	15,826,751	14,715,930
Changes in non-cash working capital:		
(Increase) in accounts receivable	(112,495)	(162,650)
(Increase) decrease in inventories	(230,945)	38,156
Decrease (increase) in prepaid expenses	17,085	(22,476)
(Decrease) increase in accounts payable	<u>(941,279)</u>	<u>123,624</u>
Net cash provided by operating activities	<u>14,559,117</u>	<u>14,692,584</u>
FINANCING ACTIVITIES		
Payments to Provincial Treasury	(14,294,710)	(13,026,691)
Loans from Province	250,000	-
Debenture repayment	<u>(1,309,924)</u>	<u>(761,456)</u>
Net cash used for financing activities	<u>(15,354,634)</u>	<u>(13,788,147)</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	<u>(490,973)</u>	<u>(822,525)</u>
(Decrease) increase in cash	(1,286,490)	81,912
Cash, beginning of year	<u>2,265,742</u>	<u>2,183,830</u>
Cash, end of year	<u>\$ 979,252</u>	<u>\$ 2,265,742</u>
Supplementary disclosure		
Interest paid	\$ 292,297	\$ 233,208

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

1. Summary of significant accounting policies

(a) Revenue Recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

(b) Inventory

Inventory is valued at the lower of first-in, first-out cost and net realizable value. Inventory cost includes the purchase cost and related freight, duty and excise taxes.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 3.

(d) Net Income

All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

(e) Use of Estimates

The preparation of the Commissions's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Financial Instruments

All financial instruments reported on the balance sheet of the Commission are classified as follows:

Cash	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accruals	Other liabilities
Due to the Province	Other liabilities
Debentures payable	Other liabilities

Due to their nature, all financial instruments except debentures payable are considered to be carried at amounts which approximate their fair value. Debentures payable are recorded at amortized cost. The Commission has adopted a policy of recognizing all transaction costs in net income.

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

2. Financial Instruments (cont'd...)

Financial Risk Management Objectives and Policies

The Commission's activities may be exposed to a variety of financial risks. The Commission's overall risk management focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Commission's financial performance. In common with many organizations that purchase in foreign currencies the Commission may be exposed to a marginal degree of currency risk. Management has mitigated the exposure to this risk by limiting the number of purchase transactions originating in foreign currency. Credit risk is the risk the Commission will incur a loss because a customer fails to meet an obligation. The Commission has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners.

3. Property, Plant and Equipment

	Amortization Rate	2010		2009	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		\$ 85,537	\$ -	\$ 85,537	\$ 85,537
Buildings	5%	5,597,558	3,483,967	2,113,591	2,001,521
Equipment	10 & 20%	1,839,910	1,556,591	283,319	295,120
Vehicles	30%	100,850	100,850	-	-
Leasehold Improvements	10%	5,037,913	3,928,017	1,109,896	1,339,743
Financial Information System	20 & 100%	2,914,179	2,197,824	716,355	920,974
		<u>\$15,575,947</u>	<u>\$11,267,249</u>	<u>\$4,308,698</u>	<u>\$4,642,895</u>

4. Contractual Obligations

The Prince Edward Island Liquor Control Commission leases various pieces of computer hardware and software as well as 13 retail outlets. Future minimum lease payments are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2011	\$ 676,760
2012	686,405
2013	684,008
2014	580,629
2015	488,374
2016-2021	<u>756,675</u>
	<u>\$3,872,851</u>

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

4. Contractual Obligations (cont'd...)

In February of 2010, the Commission entered into a 10 year retail lease agreement for a new store location. The effective start date of the lease is August 1, 2010. As part of the relocation process, the Commission terminated an existing store lease scheduled to expire on October 31, 2016. Certain lease termination costs were assumed by the provider of the new location. Contract commitments for the renovation of the new location were \$652,000 at March 31, 2010.

5. Debentures Payable - Province of Prince Edward Island

	<u>Balance</u> <u>March 31, 2010</u>	<u>Less Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Liability</u>
<u>Cardigan</u>			
Repayable in equal annual installments of \$55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	\$ 52,050	\$ 52,050	\$ -
<u>Summerside (Waterfront)</u>			
Repayable in equal annual installments of \$88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	159,691	77,231	82,460
<u>Financial Information System</u>			
Repayable in equal annual installments of \$195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	355,764	172,225	183,539
<u>Wood Islands</u>			
Repayable in equal annual installments of \$33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	88,593	27,869	60,724
<u>Point of Sales System</u>			
Repayable in equal annual installments of \$221,583 including interest @ 4.62% per annum, maturing December 18, 2012.	607,749	193,505	414,244
<u>Charlottetown (Queen Street)</u>			
Repayable in equal annual installments of \$60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	209,832	48,244	161,588

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

5. Debentures Payable - Province of Prince Edward Island (cont'd...)

	Balance March 31, 2010	Less Current Portion	Long-Term Liability
<u>Tignish</u>			
Repayable in equal annual installments of \$99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	350,216	80,773	269,443
<u>Charlottetown (Head Office)</u>			
Repayable in equal annual installments of \$38,889 including interest @ 5.02% per annum, maturing March 7, 2015.	168,276	30,442	137,834
<u>Sherbrooke</u>			
Repayable in equal annual installments of \$38,493 including interest @ 4.81% per annum, maturing February 28, 2016.	196,575	29,038	167,537
<u>West Royalty</u>			
Repayable in equal annual installments of \$64,156 including interest @ 4.81% per annum, maturing August 30, 2016.	373,802	46,176	327,626
<u>Souris</u>			
Repayable in equal annual installments of \$101,660 including interest @ 4.74% per annum, maturing March 30, 2017.	593,827	73,513	520,314
<u>Charlottetown (Oak Tree)</u>			
Repayable in equal annual installments of \$16,409 including interest @ 5.28% per annum, maturing June 27, 2017.	104,864	10,872	93,992
<u>Charlottetown (Head Office and Warehouse)</u>			
Repayable in equal annual installments of \$31,393 including interest @ 4.37% per annum, maturing January 20, 2020.	250,000	20,468	229,532
	<u>\$3,511,239</u>	<u>\$862,406</u>	<u>\$2,648,833</u>

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

5. Debentures Payable - Province of Prince Edward Island (cont'd...)

The total principal repayment for the next five years is as follows:

2011	\$ 862,406
2012	854,637
2013	617,756
2014	393,691
2015	<u>253,912</u>
Total	<u>\$2,982,402</u>

6. Pension and Other Employee Benefits

Employees of the Prince Edward Island Liquor Control Commission are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Commission's financial statements.

7. Related Party Transactions

These financial statements include the results of normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations, with which the Commission may be considered related. Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

8. Capital Management

The Commission's objective when managing capital is to keep minimal capital on hand. This objective is achieved by accruing all net income to the Province as described in Note 1 (d).

9. Changeover to International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Institute of Chartered Accountants (CICA) announced that Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Commission's reporting for the year ending March 31, 2012, for which the current and comparative information will be prepared in accordance with IFRS. The commission is in the process of assessing the impact of the transition to IFRS and developing a plan to deal with the changeover.

10. Prior period results have been restated to conform to the presentation format adopted in the current period.